

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



February 14, 1984

ALL-COUNTY INFORMATION NOTICE I- 16-84

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: PREMISES, 1984-85 GOVERNOR'S BUDGET

REFERENCE:

The attached "Premises for the 1984-85 Governor's Budget" represent the assumptions used to develop the Department of Social Services estimates of county welfare program expenditures for the 1984-85 Governor's Budget which was presented by the Governor to the Legislature in January. These premises reflect the Department's best information as of January 9, 1984 concerning effective dates, regulations, legislation and other assumptions. In general, changes which occurred after that date are not reflected in these assumptions. The Department will be preparing revised budget estimates for FY 1984-85 for submittal to the Department of Finance in April 1984. Any assumptions which changed will be revised at that time.

Any questions regarding the attached premises should be directed to Walter Barnes, Chief, Estimates Branch, at (916) 445-1862.

Sincerely,

Robert T. Sertich
ROBERT T. SERTICH
Deputy Director
Administration

Attachment

cc: CWDA

Premises for the
1984-85 Governor's Budget
1983-84 and 1984-85

COST-OF-LIVING ADJUSTMENTS AND GENERAL ITEMS

A. Continuing Premises

1. Cost-of-Living Adjustments for Administrative Costs (effective dates of July 1, 1983 and July 1, 1984)

1983-84

It is estimated that counties will grant a 4.6 percent COLA. This will be applied to total costs of Food Stamp and AFDC administrative costs, with the COLA cost to be shared by the Federal Government and the counties only; there is no state funding provided for COLA.

1984-85

It is estimated that counties will give a 5.8 percent COLA (estimated California CPI-U change from 1983-84 to 1984-85). The COLA will be shared by the Federal Government and the counties only. All previous COLA limits relative to state sharing are assumed to be lifted.

2. Cost-of-Living Adjustments for Adult and Family Services (effective dates of July 1, 1983 and July 1, 1984)

- a. IHSS Statutory Maximums - see page 5, Item 4e.

- b. Provider Increases - IHSS

1983-84 COLA (effective July 1, 1983)

The Budget Act of 1983 provided for a 3.0 percent increase for 1983-84.

Caseload impact: 1983-84: Not Applicable

Unit cost: 1983-84: Not Applicable

1984-85 COLA (effective July 1, 1984)

A 2.0 percent COLA increase has been proposed in the Governor's Budget for 1984-85.

c. COLA for Adult and Family Services Excluding IHSS

1983-84 COLA (effective July 1, 1983)

The Budget Act of 1983 provided no COLA adjustments for 1983-84.

1984-85 COLA (effective July 1, 1984)

A 2.0 percent COLA has been included for 1984-85. In addition, base expenditure estimates will reflect COLA limitations imposed in prior years.

3. Cost-of-Living Adjustments - CCL

The Budget Act did not provide an increase for 1983-84. A 2.0 percent COLA has been included for 1984-85. In addition, base expenditure estimates will reflect COLA limitations imposed in prior years.

4. Statutory Cost-of-Living Adjustments

a. AFDC-FG and U Grants

Welfare and Institutions Code Section 11453 provides that AFDC Maximum Aid Payments (MAP) and Minimum Basic Standards of Adequate Care (MBSAC) be adjusted annually to reflect any increases or decreases in the cost of living. Cost-of-living adjustments (COLA) are based on changes in the California Necessities Index (CNI).

1983-84 COLA (effective July 1, 1983)

For 1983-84, as a result of Chapter 323/83 (AB 223), a 4.0 percent increase was applied to the MAPs and MBSACs in lieu of the automatic COLA based on the CNI (5.7 percent).

Caseload impact:	1983-84:	6,666,141 casemonths of grant increase
	1984-85:	6,714,676 casemonths of grant increase

Unit costs:	1983-84:	\$19.59 of grant increase per case
	1984-85:	\$19.44 of grant increase per case

1984-85 COLA (effective July 1, 1984)

Assuming passage of a budget trailer bill, SB 1379 or AB 2314, a 2.0 percent increase will be applied to the MAPs and MBSACs in lieu of the automatic COLA based on the CNI (estimated at 6.0 percent).

Caseload impact:	1984-85:	6,714,676 casemonths of grant increase
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Unit costs:	1984-85:	\$10.23 grant increase per case
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b. AFDC-Foster Care

Welfare and Institutions Code Section 11461 allows for state participation in foster care rate increases up to the percentage increase given to AFDC-FG and U recipients. Beginning 1984-85, group home rate increases will be based on a rate-setting system and not tied to statutory cost-of-living adjustments.

1983-84 (effective July 1, 1983)

For 1983-84, as a result of Chapter 323/83 (AB 223), a 4.0 percent increase was provided for both foster family homes and group homes in lieu of the automatic COLA based on the CNI (5.7 percent).

Caseload impact: 1983-84: 342,957 casemonths
1984-85: 345,969 casemonths

Unit cost: 1983-84: \$25.48
1984-85: \$25.51

1984-85 (effective July 1, 1984)

A 2.0 percent increase has been proposed in the Governor's Budget for 1984-85.

c. SSI/SSP Cost-of-Living Adjustments and Unearned Income (effective July 1, 1983, January 1, 1984, and January 1, 1985)

July 1, 1983

In accordance with the Social Security Amendments of 1983 (PL 98-21), the SSI/SSP payment standards increased by 2.2 percent. This is an amount equal to 3.5 percent of the SSI benefit levels in effect on June 30, 1983 (\$10 and \$15 respectively for individuals and couples).

The SSI payment standards were increased by \$20 for individuals and \$30 for couples.

PL 98-21 defers the OASDI COLA until January 1, 1984 with annual adjustments thereafter. Approximately 90 percent of the unearned income in SSI/SSP is OASDI.

Caseload impact: 7,777,341 casemonths

Unit cost: -\$3.56

January 1, 1984

SSI/SSP payment standards will increase by 3.5 percent over the July 1, 1983 standards (\$16 and \$33 respectively for individuals and couples). This is the amount required to increase the June 30, 1983 SSI/SSP standards by the 5.7 percent.

SSI and OASDI benefits will increase by 3.5 percent on January 1, 1984, with the SSI increase in addition to the increase that went into effect July 1, 1983.

Caseload impact: 3,873,400 casemonths

Unit cost: \$5.63

January 1, 1985

Assuming passage of budget trailer bill SB 1379 or AB 2314, a 2.0 percent increase will be applied to the SSI/SSP payment standards in lieu of the automatic COLA based on the CNI (estimated at 6.0 percent). This will apply to all payment standards except Disabled Minor which will increase by 4.0 percent to meet the minimum amount necessary to maintain the SSP payment standards at the 1983 level as required by federal law.

SSI and OASDI benefits will increase by an estimated 4.7 percent on January 1, 1985.

Caseload impact: 3,875,080 casemonths

Unit cost: \$9.11

d. Cost-of-Living for RCA, ECA, and GR (July 1, 1983 and July 1, 1984 implementation dates)

The grant COLA for 1983-84 is 4.0 percent; for administrative costs, it is 4.6 percent with no state participation. The grant COLA was inadvertently omitted from the appropriations but has been included in this subvention estimate.

For 1984-85, assuming passage of a budget trailer bill, SB 1379 or AB 2314, a 2.0 percent increase will be applied to the MAPs and MBSACs in lieu of the automatic COLA based on the CNI (estimated at 6.0 percent). For administrative costs we are assuming a 5.8 percent COLA with no state participation.

Caseload impact:	1983-84:	1984-85:
(Person-months)	RCA/ECA: 101,980	RCA/ECA: 73,100
	GR: 33,230	GR: 23,460

Unit cost:	1983-84:	1984-85:
	RCA/ECA admin.: \$1.98	RCA/ECA admin.: \$2.61
	GR admin.: \$2.50	GR admin.: \$3.28
	RCA/ECA grant: \$9.34	RCA/ECA grant: \$4.87
	GR grant: \$6.17	GR grant: \$3.20

e. IHSS Statutory Maximum (ongoing)

Per W&I Code Sections 12303.5, 12303.7, and 12304, adjustments to the statutory maximum payments for severely impaired, nonseverely impaired, and IHSS Meal Allowance recipients are made on July 1 of each year. The Budget Act of 1983 provided an increase of 4.0 percent for 1983-84. Assuming trailer bill passage, the Governor's Budget proposes a 2.0 percent increase for 1984-85.

	<u>1983-84</u>	<u>1984-85</u>
Caseload impact:	NSI 7,517	7,957
(casemonths)	SI 12,644	14,085
Unit cost:	NSI \$23	\$12
increase:	SI \$34	\$17

5. Chapter 703/81 (SB 620) - Asset Clearance Match (effective 1982-83 and ongoing)

This legislation authorizes a demonstration project in four counties to match welfare recipient files with Franchise Tax Board's file of individuals who earn interest or dividends of more than \$30 in the previous calendar year. This system is intended to discover unreported assets which may result in recipient ineligibility. The four counties are Los Angeles, Shasta, Santa Barbara, and Alameda.

Caseload impact:	1983-84:	2,982 casemonths of ineligibility 11 additional fraud investigators to be funded
	1984-85:	4,926 casemonths of ineligibility 11 additional fraud investigators to be funded
Unit cost:	1983-84:	\$475 costs avoided per case (\$378,000 overpayments detected will be recouped)
	1984-85:	\$475 costs avoided per case (\$1,456,000 overpayments detected will be recouped)
	1983-84 and 1984-85:	\$51.62 administrative savings per ineligible casemonth

6. Welfare Fraud - Early Detection/Prevention Program (effective January 1, 1984)

The Legislature, through the Budget Act of 1983, intends that counties which process a monthly average of 350 or more AFDC and Food Stamp applications shall administer an early detection fraud prevention system. Those counties deemed to have programs as cost effective as the Orange County model will continue to operate such systems. Counties which do not currently administer a fraud prevention program with cost benefits comparable to Orange County may seek assistance from the Department of Social Services to develop such a system. The Governor's Budget estimates reflect the grant and administrative impacts of those counties with increased efforts.

Caseload impact: 1983-84: 3,695 casemonths avoided
 38 additional staff to be funded
 1984-85: 19,303 casemonths avoided
 41 additional staff to be funded

Unit cost: 1983-84: \$470.60 grant per casemonth
 \$51.62 administrative savings per casemonth
 \$51,060 average annual salary per staff person

1984-85: \$480.40 grant per casemonth
 \$51.62 administrative savings per casemonth
 \$50,947 average annual salary per staff person

7. PAFS County Administrative Funding Shift (effective October 1, 1983)

Effective October 1, 1983, AFDC funds as authorized by Title IV-A of the Social Security Act will not be available for funding the federal share of those costs that are unique to Food Stamp eligibility determinations. USDA will begin paying for those Food Stamp eligibility costs previously paid by the AFDC Program. The federal agencies and DSS have agreed upon a cost determination methodology which will identify the amount of USDA/DHHS funds which will be involved (approximately \$28 million in FFY 1984). This shift in federal program funding is not reflected in the subvention estimates.

8. Effective Date of Initial Payment - Emergency Regulations (effective October 1, 1983)

State AFDC regulations have been revised to establish the beginning date of aid to be the date of authorization of payment when authorization occurs in the month the applicant becomes eligible, or the first of the month following the date the applicant becomes eligible when the authorization of payment occurs in any month following the date the applicant becomes eligible. In addition to the impact on AFDC, emergency shelter care will be provided until foster care payment begins. The General Fund portion of this cost will be absorbed in OCSS. (See Miller v. Deukmejian below for a change in the effective date of these regulations.)

Caseload impact: 1983-84 FG and U: 97,370 casemonths of grant reduction
 FC: 6,696 casemonths of grant reduction
 1984-85 FG and U: 128,501 casemonths of grant reduction
 FC: 9,360 casemonths of grant reduction

9. Emergency Food and Shelter Program (effective 1983-84)

Caseload impact: 1984-85: Not applicable, funding change only

Unit cost: 1984-85: Not applicable, funding change only

B. New Premises

1. Orange County EDP (effective 1983-84)

Caseload impact: 1983-84: Not applicable, funding change only
1984-85: None

Unit cost: 1983-84: Not applicable, funding change only
 1984-85: None

2. Miller v. Deukmejian (effective October 1, 1983)

Caseload impact: 1983-84 FG and U: 64,913 casemonths of lost savings
FC: 4,644 casemonths of lost savings

Unit cost:	1983-84 FG and U:	\$154.07	grant per case
	FC:	\$202.93	grant per case

3. Standardized Computer Matching Format (effective 1983-84 only)

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Caseload impact: 1983-84: Not applicable, funding shift only

Unit cost: 1983-84: Not applicable, funding shift only

C. Discontinued Items from the May 6, 1983 Premises

1. Orange County Automated Central Index (pp. 1-2, Item A.3) - implemented during 1982-83 and now included in basic.
2. Limitation on AFDC/NAFS Overhead Costs, effective 1982-83, (p. 2, Item A.5) - applied only to 1982-83 overhead costs.
3. EA Employment Services effective 1983-84 (p. 2, Item A.6) - we are no longer assuming that counties will implement this program.

PAYMENTS FOR CHILDREN (ITEM 10.04) AND AFDC COUNTY ADMINISTRATION (ITEM 10.20)

AFDC FAMILY GROUP AND UNEMPLOYED PARENT PROGRAMS

A. Continuing Premises

1. OASDI Increases

a. 1983-84 (effective January 1, 1984)

The OASDI benefit levels will be increased by 3.5 percent based on the January-March 1983 U.S. CPI-W change.

Caseload impact: 1983-84: 65,128 casemonths of grant
reductions
1984-85: 195,344 casemonths of grant
reductions

Unit cost: 1983-84: \$6.00 grant reduction per case
1984-85: \$5.99 grant reduction per case

b. 1984-85 (effective January 1, 1985)

Benefit levels will be increased based on the estimated January-March 1984 U.S. CPI-W change of 4.7 percent.

Caseload impact: 1984-85: 65,395 casemonths of grant
reductions

Unit cost: 1984-85: \$8.33 grant reduction
per case

2. Court Cases

a. Lowry v. Woods - Child Care Expenses (retroactive benefit period January 1977 through August 1982)

As a result of this decision, child care is allowed as a work-related expense if the care is provided by a nonworking person in

the recipient's household, but not in the FBU. By allowing additional child care expenses, some AFDC grants may increase. Recipients or applicants of aid during January 1977 through August 1982 affected by the invalidated regulation are entitled to apply for retroactive relief. It is now assumed that retroactive payments will be paid out during the 1984-85 Fiscal Year and not during 1983-84 as previously assumed.

Caseload impact: 1984-85: 51,533 casemonths of retroactive benefits

Unit cost: 1984-85: \$102.98 per retroactive casemonth
\$2.41 administrative cost per retroactive casemonth

b. Green v. Obledo - Work-Related Expenses (retroactive benefit period January 1974 through November 1981)

As a result of this decision, the Department was ordered to implement regulations consistent with federal law regarding allowable work-related transportation expenses. Because PL 97-35 standardized earned income disregards, DSS did not make prospective regulatory changes prior to the implementation of the federal laws in California. However, affected recipients and applicants of aid during January 1974 through November 1981 are entitled to retroactive relief. Persons who had actual transportation expenses greater than the allowable amounts under state regulations could claim retroactive benefits. It is now assumed that two-thirds of the retroactive payments will be paid out during 1983-84, and one-third during 1984-85.

Caseload impact: 1983-84: 222,264 casemonths of retroactive benefits

1984-85: 111,132 casemonths of retroactive benefits

Unit cost: 1983-84 and
1984-85: \$34.60 grant cost per casemonth
\$9.60 administrative cost per casemonth

c. Seibert v. Woods (effective May 5, 1983)

The Department was ordered to amend its regulations on non-recurring special needs to include emergency shelter costs caused by sudden and unusual circumstances beyond the control of the recipient. The current limitation of \$300 per occurrence will still apply.

Caseload impact: 1983-84: 2,100 casemonths of grant increase
1984-85: 2,102 casemonths of grant increase

Unit cost: 1983-84 and
1984-85: \$300 grant increase per case

3. Chapter 1207/80 (AB 3138) - Notification of Child Support Payment
(effective June 1, 1983)

The counties are required to notify the custodial parent of the aided children, upon his/her request, of the amount of child support collected by the county from the absent parent.

Caseload impact: 1983-84 and
1984-85: 1,151,991 notifications

Unit cost: 1983-84 and
1984-85: \$.379 administrative cost per
notification

4. Chapter 327/82 (SB 1326) - Elimination of State Reimbursement of
County Cost of Collections (effective July 1, 1982)

By repealing Section 11459 of the W&I Code, the State no longer has to reimburse counties for their administrative costs of collecting overpayments from former AFDC recipients.

Caseload impact: Not applicable

Unit cost: Not applicable

5. Chapter 323/83 (AB 223) - Additional One-Month Reduction of State
AFDC-U Eligibility (effective October 1, 1983)

AB 223 amended the Welfare and Institutions Code to limit those state AFDC-U families who receive 30 days of aid under the Emergency Assistance Program to two months of aid under the State-only AFDC-U Program in any 12 consecutive months. Prior state law provided for three months in any 12 consecutive months. State-U cases on aid prior to October 1, 1983 will be grandfathered, i.e., this change will only affect new cases on aid after September 30, 1983.

Caseload impact: 1983-84: 1,462 casemonths reduced
1984-85: 1,823 casemonths reduced

Unit cost: 1983-84: \$607.39 per case
1984-85: \$607.24 per case
1983-84 and 1984-85: \$51.62 administrative savings
per casemonth reduced

6. Social Security Number (SSN) Validation Process (effective January 1, 1984)

Periodically, Social Security account numbers of AFDC recipients will be matched against the Social Security Administration's file to determine the validity of the numbers. The first report of "discrepant" SSNs will be transmitted to the counties in January 1984. Eligibility workers will be contacting recipients who had discrepant SSNs to correct the discrepancies. This will result in additional administrative costs.

Caseload impact: 1983-84: 104,388 SSN validations
1984-85: 208,773 SSN validations

Unit cost: 1983-84 and
1984-85: \$4.80 administrative cost
per validation

7. FTB Income Tax Refund Intercept To Recover AFDC Overpayments (ongoing)

The Department has operated a statewide income tax refund intercept system in conjunction with the Franchise Tax Board. AFDC cases with outstanding court-ordered and other recoveries of delinquent overpayments are included in the system.

Caseload impact: 1983-84: 7,334 intercepted refunds
1984-85: 7,220 intercepted refunds

Unit cost: 1983-84 and
1984-85: \$191.00 per intercept

8. Federal Supplemental Compensation (FSC) (unemployment benefits effective September 12, 1982)

An additional 14 weeks of unemployment insurance benefits are being given to those individuals who have exhausted the basic 26 weeks of benefits. Funding for FSC is expected to terminate September 30, 1983. These additional benefits will reduce dependency on AFDC.

Caseload impact: 1983-84: 20,130 casemonths reduced
31,240 casemonths of grant reduction

Unit cost: 1983-84: \$430.75 per reduced case
\$51.62 administrative savings per
casemonth reduced
\$263.57 grant reduction per case

9. Social Security (OASDI) Payment Verification System (BENDEX) (effective March 1, 1983)

On a monthly basis, an AFDC recipient file is being matched against the Social Security Administration's BENDEX system. Counties are provided with lists of AFDC recipients receiving Social Security benefits. To the extent that such income is not being reported or is being underreported by recipients, overpayments are being discovered and/or prevented. The recoupment of the overpayments and the avoidance of overpayments result in reduced AFDC grant costs.

Caseload impact: 1983-84: 51,909 casemonths of grant reductions
due to overpayments avoided
1984-85: 52,690 casemonths of grant reductions
due to overpayments avoided

Unit cost: 1983-84: \$187.00 grant reduction per case
(\$3,754,000 overpayments detected will be
recouped)
1984-85: \$187.00 grant reduction per case

10. Unemployment and Disability Insurance Payment Verification System
(effective April 1, 1983)

An AFDC recipient file is also being matched against EDD's UI/DI payment data file which is similar to the BENDEX system above. This automated system provides counties with monthly listings of AFDC recipients who are receiving such income. To the extent that income is not being reported or is being underreported, overpayments are being discovered and/or prevented. The recoupment of the overpayments and the avoidance of overpayments result in reduced AFDC grant costs.

Caseload impact: 1983-84: 32,950 casemonths of grant reductions
due to overpayments avoided
1984-85: 32,356 casemonths of grant reductions
due to overpayments avoided

Unit cost: 1983-84: (\$250,000 in overpayments detected
will be recouped)
1983-84 and
1984-85: \$148.77 grant reduction per case

11. Tax Equity and Fiscal Responsibility Act of 1982 (PL 97-248) - AFDC
Amendments (effective April 8, 1983)

a. Beginning Date of Aid

Federal financial participation is not available for any aid payable prior to the date of application for AFDC. Previously, the only situation where aid was paid for a period prior to the date of application was when medically needy cases were transferred to AFDC. In these cases, the AFDC beginning date of aid was retroactive to the first day of the application/transfer month. Grant savings result by delaying the beginning date of aid under this provision.

Caseload impact: 1983-84: 16,429 casemonths of grant
reduction
1984-85: 16,241 casemonths of grant
reduction

Unit cost: 1983-84: \$248.77 grant reduction
per case
1984-85: \$247.71 grant reduction
per case

b. Rounding of Aid Payments

Whenever the need or payment standards are not in whole dollar amounts, the amounts are rounded to the next lower whole dollar amount. This provision would only apply in partial-month payment cases where the maximum aid payment is prorated.

Caseload impact: 1983-84 and
1984-85: 75,000 casemonths of grant
reduction

Unit cost: 1983-84 and
1984-85: \$1 grant reduction per case

c. Absent Parent in the Military

A parent whose absence from the home is due solely to performance of active duty in the military is not considered absent from the home. Because this federal policy is generally the counties' current practice, this change results in negligible savings.

Caseload impact: Negligible

Unit cost: Unknown

B. New Premises

1. Alignment of AFDC and Food Stamp Program Monthly Reporting and Retrospective Budgeting Requirements (effective December 1, 1983)

With the federal mandate for monthly reporting and retrospective budgeting systems in the Food Stamp Program patterned after federal AFDC requirements, the Department has undertaken a comprehensive review of both programs' systems. The Department's objective is to align the programs so that they complement each other in this common area and minimize inconsistent procedures. As a result of this review, regulations will be issued to modify the following general AFDC areas:

- a. Suspension instead of ineligibility when a periodic extra paycheck is received.
- b. Verification of self-employment expenses.
- c. Definition of income of a continuous nature.
- d. Retrospective budgeting after a break in aid of less than one month.
- e. Prospective budgeting the income of an individual who is added to an existing FBU.
- f. Not budgeting the income of an individual who leaves the FBU.
- g. Adequate notice when a CA-7 is submitted late.
- h. Delayed payments when a CA-7 is submitted late.

Individually, the above changes result in both cost increases and cost decreases; however, we expect that in total, the final result will be a net savings.

2. Court Cases Requiring Payment of Retroactive Grants

- a. Wright v. Woods - Supplemental Payments (retroactive benefit period July 1976 through December 1981)

Former AFDC regulations did not permit supplementation up to the maximum aid payment when income ceased or decreased. The court decided that AFDC recipients with any income other than the AFDC grant whose income was reduced or stopped at any time during July 1976 through December 1981 are entitled to retroactive payments. It is expected that advance instructions and regulations will be issued to the counties in the early part of calendar 1984 with the payments being made in 1984-85.

Caseload impact: 1984-85: 239,896 casemonths of retroactive benefits

Unit cost: 1984-85: \$191.02 grant cost per casemonth
\$7.69 administrative cost per casemonth

- b. Angus v. Woods - Overpayment Recoupment (retroactive benefit period September 1977 through December 1980)

The Angus order requires the Department to issue retroactive benefits to those AFDC recipients who suffered excessive grant adjustments to recoup willfully caused overpayments. Grants received by recipients who file for retroactive relief must be recomputed to allow consideration for housing and utility costs when determining the amount of the overpayment adjustment. It is assumed that retroactive grants will be paid out during 1984-85.

Caseload impact: 1984-85: 16,341 casemonths of retroactive benefits
278,001 casemonths of administrative costs

Unit cost: 1984-85: \$47.92 grant cost per casemonth
\$1.91 administrative cost per casemonth

- c. Wood v. Woods - Stepparent Contribution to FBU (retroactive benefit period January 1980 through September 1981)

The Department has been ordered to retroactively issue payments to applicants and recipients who were adversely affected by the stepparent regulations resulting from Chapter 1170/79 (AB 381 - Boatwright). These regulations regarding unconditionally available income for the support of AFDC stepchildren were determined to be inconsistent with federal law. Retroactive payments are expected to be made during the 1984-85 fiscal year.

Caseload impact: 1984-85: 98,795 casemonths of retroactive benefits

Unit cost: 1984-85: \$176.78 grant cost per casemonth
\$4.82 administrative cost per casemonth

- d. Zapata v. Woods - Caretaker Relatives of SSI/SSP Children
(prospective regulations effective January 1, 1984, retroactive benefit period January 27, 1975 to December 31, 1983).

AFDC regulations affecting the ineligibility of cases where the only dependent child or children of a family otherwise eligible for AFDC receive SSI/SSP benefits have been ruled invalid. A Los Angeles Superior Court had decided our regulations were not supported by federal law and regulations. Our appeal to the United States Supreme Court was denied on October 3, 1983. The Department is required to immediately cease denying AFDC benefits pursuant to those regulations. In addition, retroactive benefits must be paid back to January 27, 1975 to any applicant/recipient whose aid was denied/discontinued improperly. Due primarily to court-imposed deadlines, all retroactive benefits will be paid out during 1983-84.

Caseload impact: 1983-84: 3,898 casemonths of new eligibles
51,659 casemonths of retroactive grants

1984-85: 9,276 casemonths of new eligibles

Unit cost: 1983-84: \$287.38 grant per new eligible
\$228.93 average retroactive grant
\$51.62 administrative cost per new eligible
\$6.40 administrative cost per retroactive casemonth

1984-85: \$287.38 grant per new eligible
\$51.62 administrative cost per new eligible

3. Chapter 1282/83 (AB 1162) - Child Care Funding (effective July 1, 1984)

This bill requires that working AFDC recipients pay for child care which is currently provided at no charge through State Department of Education funds. The amount charged for child care will be \$160 per child, equal to the maximum child care disregard allowed under AFDC regulations. There will be no significant loss of spendable income to the family because the child care cost will be reimbursed via AFDC income disregard provisions. The state share of this increased cost to the AFDC Program will be reimbursed from funds appropriated to the Department of Education for child care. Because of prior-month budgeting provisions, the first month that grants will be affected will be September 1984.

Caseload impact: 1984-85: 48,400 casemonths

Unit cost: 1984-85: \$160 per case

C. Discontinued Items from the May 6, 1983 Premises

1. Premise items implemented prior to 1983-84 and now incorporated in basic caseloads and/or grants:
 - a. 1982-83 OASDI Increases implemented July 1, 1982 (p. 4, Item A.3.)
 - b. Lowry v. Woods Prospective Regulations implemented September 1, 1982 (p. 5, part of Item A.5.a.)
 - c. Turner v. Woods implemented August 23, 1982 (p. 5, Item A.5.c.)
 - d. Vaessen v. Woods implemented August 9, 1982 (p. 6, Item A.5.d.)
 - e. Chapter 918/80 (SB 1476) - Employment Preparation Program implemented during 1982-83 (p. 7, Item A.6.a.)
 - f. Chapter 1077/81 (SB 958) - Supported Work Program for Long-Term AFDC Recipients implemented September 1983 (p. 7, Item A.6.c.)
 - g. AB 2X San Diego Experimental Work Experience Project implemented November 1982 (p. 8, Item A.6.e.)
 - h. Chapter 327/82 (SB 1326) Three-Month Limitation of State-Only Unemployed Parent Deprivation implemented July 1, 1982 (p. 9, Item A.8.a.)
 - i. Emergency Assistance - Unemployed Parents implemented July 1, 1982 (p. 10, Item A.9.)
 - j. Fixed WIN Sanctions ORD 282-8 implemented September 1, 1982 (p. 13, Item A.17.)
 - k. Omnibus Budget Reconciliation Act of 1981 (PL 97-35) - Social Welfare Amendments
 - (1) SB 1X/ORD 981-72 Provisions implemented January 1, 1982 (pp. 14-16, Item A.20.a.)
 - (2) AB 2X/ORD 1081-82 Provisions implemented April 2, 1982 (pp. 16-20, Item A.20.b.)
 - l. ORD 383-18 Training Connection to the Labor Force implemented May 1, 1983 (negligible impact) (p. 23, Item B.2.)
2. Other Items
 - a. 1982-83 COLAS - informational item only (p. 4, Item A.1.)

- b. Chapter 1080/81 (SB 957) - Employment Services for Nonfederally Eligible Unemployed Parents - The project has been abandoned (p. 7, Item A.6.b.)
- c. Chapter 327/82 (SB 1326) CA-7 Monthly Eligibility Report - Cannot be implemented until the Balderas order is vacated (p. 9, Item A.8.b.)
- d. Federal Regulations on Budgeting Systems - is now part of the proposed new premise "Alignment of AFDC and Food Stamp Program Monthly Reporting and Retrospective Budgeting Requirements" (p. 11, Item A.12.)
- e. Proration of Shelter Costs - this was not passed by State Legislature (p. 13, Item A.18.)
- f. Chapter 1078/81 (AB 1182) - California Welfare Employment Skills Training Act - unestimatable, but presumed to be negligible (p. 8, Item A.6.d.)

CHILD SUPPORT ENFORCEMENT PROGRAM

A. Continuing Premises

1. FTB Income Tax Refund Intercept (ongoing)

The Department implemented an automated statewide income tax refund intercept system in conjunction with the Franchise Tax Board. This system to increase collections of court-ordered child support arrearages for AFDC cases will continue to be separately identified.

Caseload impact: 1983-84 and
1984-85: 59,315 intercepted refunds

Unit cost: 1983-84 and 1984-85: \$211 per refund

2. PL 97-35 Omnibus Budget Reconciliation Act of 1981 Provisions

a. IRS Income Tax Refund Intercept (effective October 1, 1981)

The Internal Revenue Service (IRS) is required to intercept federal income tax refunds of absent parents of federally eligible AFDC children who have unpaid child support obligations. This intercept applies to AFDC court-ordered child support arrearage cases. IRS charges a fee of \$11 per intercept to cover its administrative cost. This cost is included under child support administrative costs.

1983-84 and 1984-85: 53,603 intercepted refunds
1983-84 and 1984-85: \$565 per refund

b. UIB Intercept (interceptions begin April 1984)

PL 97-35 mandates that unemployment insurance benefits of absent parents with court-ordered payments in arrears be intercepted. State legislation (Chapter 1072/82) has been enacted to implement the federal mandate. The first UI claims to be intercepted are expected to occur in April 1984. Assuming a three-month time lag between interception and county claiming, collections will be reported beginning July 1984. Twenty-five percent of the UIB amounts will be intercepted.

Caseload impact 1984-85: 77,257 intercepted payments

Unit cost: 1984-85: \$118 per payment

3. Tax Equity and Fiscal Responsibility Act of 1982 (PL 97-248)
Provisions

a. Reduction in Federal Child Support Incentive Payments (effective October 1, 1983)

The federal incentive payment rate will be reduced from 15 percent of federal AFDC child support collections to 12 percent.

b. Reduction in Federal Financial Participation in Administrative Costs (effective October 1, 1982)

The federal share of all child support administrative costs has been reduced from 75 percent to 70 percent (there is no General Fund participation in these administrative costs).

B. New Premises

Chapter 1151/83 (AB 1529) - State Child Support Incentives
(effective July 1, 1984)

Beginning in 1984-85, a state bonus incentive will be paid to the counties equal to 50 percent of the increase in the state share of child support collections from 1982-83 to 1983-84. Subsequent year-to-year increases will determine future state bonus incentives.

Caseload impact and unit costs: Not applicable

C. Discontinued Items from the May 6, 1983 Premises

1. 10 Percent Fee for Non-AFDC Collections (p. 20, Item A.20.c.(1))

This premise item is being discontinued because no federal regulation on this issue was released.

2. Impact on AFDC Collections (impact began with the implementation of SB 1X on January 1, 1982) (p. 21, Item 20.c.(4))

This premise item is being discontinued because this fiscal impact will be included in the basic collections in the Governor's Budget estimates.

AFDC FOSTER CARE PROGRAM

A. Continuing Premises

1. Farias v. Woods Settlement (effective 1983-84)

This case involves retroactive payment for federally eligible children denied aid because they lived with nonparent relatives. The Department assumes this suit will be paid during 1983-84 and 1984-85.

Caseload impact: 1983-84: 40,661 casemonths of retroactive benefits
1984-85: 14,786 casemonths of retroactive benefits

Unit cost: 1983-84: \$100.56 grant cost per casemonth
1984-85: \$100.56 grant cost per casemonth

2. Foster Care Audit Recoveries (effective July 1, 1983)

Audits are being conducted during 1983-84; however, due to the length of the audit appeals process, we are assuming that the collection of disallowed expenditures will begin in 1984-85. We are continuing to assume that these funds will be collected at a rate twice that of the total cost of these positions because insufficient data is available for any other assumption. However, results of audits completed to date show that a significant proportion of disallowances are for leasebacks which are allowable under provisions of Chapter 478/83 which is effective in 1984-85.

Caseload impact: Not applicable, funding change only

Unit cost: Not applicable, funding change only

3. Chapter 977/82 (AB 2695) (effective 1982-83)

This bill brings California into compliance with certain Title IV-E provisions of PL 96-272 and includes:

- a. Specification of activities/rates for group homes and institutions, including a provision funding certain otherwise unallowable group home activities;
- b. Conditions under which group home rates may be restructured; and
- c. Transfer of group home rate setting responsibility to the State.

Caseload impact: Not applicable, funding change only

Unit cost: Not applicable, funding change only

4. Chapter 325/82 (AB 2315) (effective July 1, 1982)

This bill continues AFDC-FC payments for voluntarily placed, severely emotionally disturbed children until December 31, 1983.

Caseload impact: Casemonths of grant increases
1983-84: FFH = 45 GH = 255
1984-85: FFH = 0 GH = 0

Unit cost: 1983-84: Grant increase per casemonth: FFH = \$509.11
GH = \$1,855.01
Administrative cost per casemonth: \$40.00

1984-85: No effect

B. New Premises

1. Group Home Rate Adjustment (effective 1984-85)

This premise reflects the cost increase for 1983-84 group home rates. We are assuming the rate-setting system will limit costs to no more than 1983-84 levels plus whatever COLA is proposed by the Administration.

Caseload impact: 1984-85: None

Unit cost: 1984-85: None

2. Chapter 487/83 (SB 465) (effective 1984-85)

Federal regulations restrict shelter care reimbursement for group homes to no more than two percent of the original acquisition cost of the property. State participation will increase to the extent that actual shelter costs exceed the two percent limitation. Data will not be available to estimate this item until the April 1984 subvention estimates.

Caseload impact: 1984-85: None at this time

Unit cost: 1984-85: None at this time

3. FICA for Nonprofit Group Homes (effective 1984-85)

Federal provisions require nonprofit group homes to begin contributing to Social Security (FICA) for their employees.

Caseload impact: 1984-85: Not applicable, funding change only

Unit cost: 1984-85: Not applicable, funding change only

4. Restoration of 95 Percent State Share (effective January 1, 1984)

Chapter 324/83 (Budget Act of 1983) restores 95 percent state sharing but appropriates insufficient funds to fully do so. Instead, it provides, and we are assuming, that additional Title IV-E federal funds will be received for 1982-83 service activities previously supported by General Funds; these General Funds will revert and be reappropriated in support of this item.

C. Discontinued Items from the May 6, 1983 Premises

1. Chapter 1166/80 (AB 2749) effective January 1, 1982 (p. 24, Item A.3) - included in basic cost
2. Chapter 69/81 (SB 633) - Emergency Assistance for Needy Families with Children Program effective July 1, 1982 (p. 24, Item A.4) - included in basic cost
3. Change in Sharing Ratio effective January 1, 1984 (p. 26, Item A.9) - Chapter 323/83 (AB 223, the budget trailer bill) eliminated the need for this premise item.
4. Omnibus Budget Reconciliation Act of 1981 (PL 97-35; AB 2X) effective April 1, 1982 (p. 26, Item A.10) - included in basic cost

ADOPTION ASSISTANCE PROGRAM

A. Continuing Premise

1. Chapter 977/82 (AB 2695) (effective October 1, 1982)

This bill replaces Aid for Adoption of Children (AAC) with the Adoption Assistance Program (AAP) and brings California into compliance with the eligibility and payment requirements of PL 96-272. It allows FFP for all new AAP cases which meet specified eligibility requirements.

Caseload impact: AAP casemonths of eligibility

1983-84: 3,236
1984-85: 10,823

Unit cost: AAP grant cost per eligible case:

1983-84: \$192.86
1984-85: \$208.87

SSI/SSP PAYMENTS (ITEM 10.08)

A. Continuing Premises

1. Mandatory Supplementation Cases (effective July 1, 1982)

Under provisions of Section 1618 of Title XVI of the Social Security Act, the state was required to maintain prior year expenditures or maintain the December 1976 SSP payment standards for all payment categories in order to protect federal payments under Title XIX. Due to the reduction in benefits on January 1, 1981 and the reduced cost-of-living increase for 1981-82, the state was not able to maintain prior year SSP expenditures for 1981-82. Because mandatory supplementation cases have never received a federal or state cost-of-living increase, it became necessary to pass on previous federal increases in order to bring the SSP share of the payment standard up to the required December 1976 level in 1982-83. The effect of these payments (approximately \$350,000) will be shown in 1983-84.

Mandatory supplementation cases were also affected by PL 98-21 (effective July 1, 1983) which amended the Social Security pass-on provision by requiring that states maintain prior year expenditures or maintain their supplementary payment levels at the levels in effect in March 1983 (rather than the December 1976 levels); or they may adjust their March 1983 supplementary payment levels to pass on at least the amount by which the federal standard would have increased had there been a COLA effective July 1, 1983.

If the estimated SSP expenditures for calendar years 1983 and 1984 do not at least equal SSP expenditures for calendar years 1982 to 1983 respectively, we will be required to pass on the federal COLAs for 1983-84 and 1984-85.

Caseload impact: 1983-83: 3,000 casemonths
1984-85: 3,000 casemonths

Unit cost: 1983-84: \$131.00 per case
1984-85: \$136.00 per case

2. Federal Fiscal Liability Settlements for Errors (effective 1983-84 and 1984-85)

SSP payments will be reduced based upon the expected deductions resulting from federal errors revealed in the QC survey.

B. New Premises

1. Lopez v. Heckler

The United States District Court of California issued a preliminary injunction against the SSA in the Lopez v. Heckler class action suit that requires Continuing Disability Reviews (CDR) to demonstrate medical improvement for SSI/SSP disabled cases as a requirement for medical cessation. It is assumed that this will lower the medical cessation rate due to CDRs from 41 percent to 25 percent.

4. Chapter 328/82 (AB 799) - Elimination of Special Income Deduction for Medi-Cal effective October 1, 1982 (p. 30, Item A.7) - "Maintenance of Need" levels were amended in AB 223 which effectively restores the "No Share of Cost" status to medically needy persons.

SPECIAL ADULT PROGRAM (ITEM 10.12)

A. New Premise

Special Circumstances Program (effective July 1, 1984)

The Administration has proposed to eliminate the Special Circumstances Program. Therefore, estimated expenditures for reimbursement and administrative costs for this program have been reduced to zero for 1984-85.

REFUGEE PROGRAMS (ITEMS 10.20 and 10.24)

A. Continuing Premises

1. Refugee Quota (effective October 1, 1982)

The following refugee quotas are assumed:

FFY 83 total admissions will be 90,000 of which 64,000 will be Southeast Asians; FFY 84 total admissions will be 72,000 of which 46,000 will be Southeast Asians; and FFY 85 total admissions will be 54,000 of which 30,000 will be Southeast Asians. These quotas are based on the latest information from the Office of Refugee Resettlement.

B. New Premises

1. Refugee Funding Recovery (SFY 1984-85)

Based upon information obtained from the Federal Office of Refugee Resettlement, the state will be reimbursed for the RRP funding shortfall which occurred in Federal Fiscal Year 1982. The estimated funds to be recovered for FFY 1982 could be up to \$40 million depending upon the findings of the current audit of the program. Recovery is expected to be received in SFY 1984-85. The total amount recovered will offset General Fund expenditures in prior State Fiscal Years, freeing General Funds to be used in SFY 1984-85.

C. Discontinued Items from the May 6, 1983 Premises

1. Program Placement and Transition from Refugees/Entrants Eligible for the State AFDC-U Program, effective August 1, 1982 (p. 33, Item A.4.) - this premise is now included in base year data (SFY 1982-1983) and is included in the basic costs.

In addition, the preliminary injunction requires SSA to reinstate and provide retroactive payments to the SSI/SSP disabled cases previously terminated without documentation of medical improvement. The United States Supreme Court has stayed the reinstatement and retroactive payments pending further consideration.

Caseload impact: 1983-84: 5,130 casemonths
1984-85: 26,334 casemonths

Unit cost: 1983-84: \$157.89 per case
1984-85: \$158.70 per case

2. Time-Eligible SSI/SSP Refugee Caseload

It is anticipated that information will be available from the SSA that will identify the actual number of time eligible SSI/SSP refugees. The current SDX report identifies all refugees but does not break out time-eligible and time-expired separately. The number of time eligible refugees has always been estimated.

Until the actual time-eligible data is available, a revised SDX report which was available in June 1983 will be used for the caseload estimate.

3. Reduction in Continuing Disability Reviews (CDRs) (effective October 1983)

In FFYs 84, 85 and 86, the Social Security Administration will be sending the Disability Evaluation Division 22,000 fewer CDR cases for review (a 31 percent reduction). This will result in a reduction in medical cessations causing an increase in the disabled caseload over the basic caseload trend.

Caseload impact: 1983-84: 5,985 casemonths
1984-85: 30,723 casemonths

Unit cost: 1983-84: \$157.89
1984-85: \$158.70

C. Discontinued Items from the May 6, 1983 Premises

1. Retrospective Budgeting effective April 1, 1982 (p. 29, Item A.4) - now included in base year cost estimate.
2. Coordination of SSI/SSP and OASDI Cost-of-Living Adjustment effective October 1, 1982; implementation on July 1, 1983 (p. 29, Item A.5) - now included in base year cost estimate.
3. Negotiability of SSI/SSP Benefit Checks (PL 97-35) effective October 1, 1981 (p. 30, Item A.7) - now included in the base year cost estimate.

2. Medically Indigent Adult Shift, effective January 1, 1983 (p. 33, Item B.2.) - this premise is now included in base year data (SFY 1982-83) and is included in the medical assistance costs estimated by the Department of Health Services.
3. Targeted Assistance Funding, effective September 30, 1983 (p. 33, Item B.1.) - the targeted assistance premise is now listed in the Refugee Services (Item 20.45) section of the premise package.
4. Department of Health Services and Department of Developmental Services Refugee Medical Costs (ongoing) (p. 32, Item A.3.) - this is an ongoing procedure and will no longer be included in the premise package unless there is a significant change.

FOOD STAMP ADMINISTRATION (ITEM 10.20.120)

A. Continuing Premises

1. Final State Regulations (final State regulations that have been issued)

- a. Photo ID (effective November 1, 1982)

State regulations require food stamp recipients in designated areas to possess photo IDs as a condition of continuing eligibility. Only individuals authorized to transact ATPs will be required to have photo IDs. Los Angeles County is currently under contract with DMV for operation of photo ID in 1983-84. In 1984-85, only two months (July and August 1984) of photo ID costs will be budgeted due to an assumed implementation of on-line issuance on September 1, 1984.

Caseload impact: 1983-84: 35,800 NA and PA casemonths
1984-85: 6,000 NA and PA casemonths

Unit cost: 1983-84: \$6.00
1984-85: \$6.00

- b. Matching Income Information (effective January 1, 1983)

Requires state agencies to request income information from SSA and unemployment compensation agencies in order to detect and follow up on unreported earnings. If the information is already available from the unemployment compensation agency, there need not be a duplicate request to SSA. Matching with unemployment files will be on a quarterly basis using information from counties for all food stamp households. This wage matching system will replace the AFDC Earnings Clearance System. Additional matching, such as checking SDX for SSI/SSP recipients and checking for duplicate participation county-to-county, will be done at the state level.

Caseload impact: 1983-84: 644,600 NA and PA cases
 1984-85: 637,800 NA and PA cases

Unit cost: 1983-84: -\$.01
 1984-85: -\$.27

c. Mail Loss (effective January 1, 1983 and October 1, 1983)

Final federal regulations require the state to be liable for any project area (county) mail losses that exceed certain tolerance levels. Effective January 1, 1983 through September 30, 1983, the tolerance levels are 0.75 percent for counties which issue \$300,000 or more in coupons through mail issuance, and \$2,250 for counties issuing less than \$300,000 in coupons through mail issuance, unless exempted by FNS. Effective October 1, 1983, the tolerance levels will be 0.5 percent and \$1,500. The final state regulations pass this liability to the counties.

2. Proposed State Regulations (state regulations which have been or are being drafted with anticipated implementation dates)

a. Food Stamp On-Line Issuance System (effective 1983-84)

A Food Stamp On-Line Issuance System (FSOLIS) is currently under development by the Case Data counties. The software is expected to be available to other counties beginning in 1983-84. FSOLIS will be mandated by regulation statewide except in counties where it is not cost beneficial. The system is expected to substantially reduce unauthorized issuance. The federal share of FSOLIS funding is expected to be 75 percent.

Caseload impact: 1983-84: 296,100 NA and PA cases
 1984-85: 200,100 NA and PA cases

Unit cost: 1983-84: \$4.48
 1984-85: \$6.54

b. Monthly Reporting/Retrospective Budgeting (formerly RA/PR) (effective December 1, 1983)

Provides that eligibility and/or benefits will be determined based on income from a prior period. Under these provisions, monthly reporting is required from most households. Exceptions are migrant farm workers and households whose members have no earned income and are elderly (over 60 years of age) or disabled. The law provides for supplementing initial allotments in those instances where there is serious hardship. The implementation date has been changed from December 1, 1983 to January 1, 1984. This reporting system is also expected to have an administrative cost impact on PAFS cases because of increased verification requirements.

Caseload impact:	1983-84:	1,447,200 NA casemonths and 1,484,700 PA casemonths
	1984-85:	2,798,700 NA casemonths and 4,472,200 PA casemonths
Unit cost:	1983-84:	\$2.72 per NA case and \$.96 per PA case
	1984-85:	\$2.19 per NA case and \$.96 per PA case

3. Federal Law (Federal law enacted but for which no regulations have been issued)

Alternative Issuance Method (effective January 1, 1983)

With the imposition of the mail loss regulations, counties will need to change their method of issuance in order to avoid the liability. Additional funding may be necessary to assist counties in implementing alternate issuance methods, such as county operated over-the-counter, vendor contracted OTC, certified mail or a mixture of issuance methods.

Caseload impact:	1983-84:	1,602,700 NA and PA casemonths
	1984-85:	1,401,500 NA and PA casemonths
Unit cost:	1983-84:	\$.29
	1984-85:	\$.29

4. Final Federal Regulations

a. State's Share of Collected Claims (effective July 1, 1982)

Adds a provision to allow states to keep 25 percent of allowable nonfraud overissuance recoveries (under 13(b)(2) of the Act). Recovered shares will offset administrative expenses.

b. Workfare (effective February 1, 1983)

San Diego County has established an ongoing workfare project that requires food stamp recipients to work part time in public agencies or private nonprofit groups as a condition for continuing eligibility. The additional administrative costs for this project have not previously been shown due to its pilot status. These costs will be reflected in 1983-84 and 1984-85 at 50 percent federal - 50 percent county. In addition to San Diego, two other counties (Amador and Alpine) have submitted plans to FNS indicating they will add Food Stamp workfare as a program activity during 1983-84.

Caseload impact:	1983-84:	63,000 casemonths
	1984-85:	63,800 casemonths
Unit cost:	1983-84:	\$18.27 per case
	1984-85:	\$18.23 per case

B. New Premises

1. Federal Audit of Ineligible Aliens (effective August 12, 1983)

On Notice of Action of the FNS State Food Stamp Appeals Board on August 5, 1983, the State made payment to USDA in the amount of \$64,069.00..

C. Discontinued Items from the May 6, 1983 Premises

1. Verification of Shelter effective December 10, 1981 (p. 34, Item A.1.a) - now included in basic except for that portion identified in Executive Mandate Item.
2. Income Eligibility Standards - Gross and Net Tests, effective November 1, 1983 (p. 36, Item B.2.) - no significant impact is expected.
3. Error Rate Incentive Payments (p. 37, Item B.3.b) - no impact in 1983-84 and 1984-85.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (ITEM 10.28)

Discontinued Item from the May 6, 1983 Premises

Low Income Home Energy Assistance Program (p. 39, Item 10.28)

In the May 1983 premises, we had assumed that the responsibility for the implementation and operation of the Low Income Home Energy Assistance Program would be transferred from the State Office of Economic Opportunity to the Department of Social Services beginning with the 1983-84 Fiscal Year. The transfer will not take place, and the program will remain with the State Office of Economic Opportunity.

OTHER COUNTY SOCIAL SERVICES (OCSS) (ITEM 20.30)

A. Continuing Premises

1. Federal Funding - Social Services Block Grant (effective October 1, 1981)

Funding estimates for "Other County Social Services" include the Social Services Block Programs (Adult, Family, and Children Services and the 24-hour Emergency Response Program). The federal funding sources for this item include Title XX, Title IV-B, Title IV-A (Emergency Assistance) and Title IV-E (Foster Care). We are assuming there is no limit on Title IV-E and Title IV-A funding for federally-eligible services in 1983-84 and 1984-85.

2. SB 14

The estimate for 1983-84 reflects the full implementation of the first phase of SB 14 (Family Reunification and Permanent Placement programs in place of the former Out-of-Home Care Services for Children). The 1983-84 budget provided full funding for the estimated cost of SB 14. The November estimate reflects costs above the budgeted level and includes additional federal funds for 1983-84. The estimate for 1984-85 assumes additional General Fund and federal costs for SB 14.

3. IHSS Payrolling - County Administrative Costs

Effective November 1, 1983, DSS implemented a new payrolling contract with EDS-F. The new contract provides for a new needs assessment file and automated notices of action which may affect county costs. The Governor's Budget estimates assume any costs associated with this premise will be absorbed within current funding.

4. County Match Requirement - Chapter 978/82 (SB 14)

W&I Code Section 10200 specifies each county's maximum required matching funds for OCSS. Sections 10201-10202 provide that:

- a. Each county's maximum share shall be increased by the COLA percentage allowed in the Budget Act;
- b. Each county's share shall be the amount specified in Sec. 10200 (adjusted for COLA) or 25 percent of actual expenditures, whichever is less; and,
- c. Funds will be limited by the amount appropriated.

Based upon this, the county share for 1983-84 is assumed to be \$51,065,600. The county share for 1984-85 is currently assumed to be \$51,065,600.

B. New Premises

1. Allocation Formula Adjustment

Budget Act language provides that sufficient funds from PL 98-8 (HR 1718) will be added to any county's allocation to ensure that no county receives less funding in 1983-84 than it received in 1982-83. As a result, the Governor's Budget reflects the transfer of \$1,588,172 from Item 5180-151-866(b)(1) to 5180-151-866(a).

2. IHSS Overpayment Regulations

IHSS overpayment regulations are anticipated to be implemented effective January 1, 1984. The Governor's Budget assumes any costs associated with these regulations will be absorbed within existing funding.

3. Notice of Actions - Chapter 323/83 (AB 223) (effective July 1983)

AB 223 specifies the detail to be included in a Notice of Action sent to an IHSS recipient. The detail includes a description of each task authorized, the hours authorized, and the changes from previous authorizations. The Governor's Budget assumes that the cost impact of this requirement will be absorbed within current funding.

C. Discontinued Items from the May 6, 1983 Premises

1. Chapter 3/81, First Extraordinary Session (AB 2X) - Non-Emergency Medical Transportation (p. 39, Item A.2.)

AB 2X authorized these services until January 1, 1983. AB 28X reinstated these services at least at the level provided by counties on September 30, 1981. The estimated cost of \$140,000 is being absorbed within OCSS.

2. Chapter 977/82 (AB 2695) effective October 1, 1982 (p. 40, Item A.6.) - these cases are included in the ongoing caseload.

3. Emergency Assistance - Chapter 69/81 (SB 633) (p. 39, Item A.4.) - with passage of Chapter 551/83 (SB 63), the Emergency Assistance Program will continue through June 30, 1988.

IN-HOME SUPPORTIVE SERVICES (ITEM 20.35.220)

A. Continuing Premises

1. Provider Benefits - Chapter 463/78 (AB 3028) (ongoing)

There are multiple cost components contained in this premise, all provided for under provisions of AB 3028:

a. Payrolling contract: DSS has entered into a new contract with EDS-F effective November 1, 1983. The current EDS-F contract will be terminated on October 31, 1983.

DSS will be entering into an interagency agreement with the State Controller's Office and the State Treasurer's Office for check writing, auditing, and banking functions. Therefore this premise will include payrolling contract costs and the interagency contract costs.

Caseload impact: None

Unit cost: This is a negotiated amount.

b. Worker's Compensation: DSS has entered into a self-insured worker's compensation coverage contract agreement with the State Compensation Insurance Fund (SCIF) (replacing the Argonaut Contract). The Argonaut contract contained provisions which

allowed for retrospective premium billings at six, eighteen, and thirty-month intervals after the end of the policy year. The retroactive premiums extend through December 31, 1984.

Caseload impact: None

Unit cost: This component cost is estimated based on the projected number of claims per year.

- c. Employer Share of Taxes: DSS pays the employers' share of FICA, UI, FUTA taxes, and Employment Training Fund (ETF) contributions required under AB 3154.

Caseload impact: None

Unit cost: This cost is estimated based on the specific portion of total wages subject to individual tax rates.

<u>Total Wages</u>		<u>Tax Rates</u>			
		<u>FICA</u>	<u>UI</u>	<u>FUTA</u>	<u>ETF</u>
1983-84:	\$252,165,000	0.067 <u>1/</u>	0.038	0.008	0.001
1984-85:	\$271,531,000	0.070	0.038	0.008	0.001

2. County Matching Fund Requirement (Chapter 69/81 - SB 633) (effective July 1, 1981)

Under provisions of SB 633, reimbursement is to be made with 100 percent funding for service expenditures up to the sum of the amounts expended by the counties and those payroll taxes paid by the State on behalf of the counties during 1980-81. Ninety (90) percent matching funds are to be provided for county expenditures plus payroll taxes in excess of the 1980-81 base up to the amount appropriated in the Budget Act.

The base year amount for county expenditures plus payroll taxes in 1980-81 has been calculated at \$255,490,103.

3. IHSS Program Reduction

FY 1983-84 estimated costs which exceed our 1983-84 appropriation and FY 1984-85 estimated costs which exceed the proposed funding level are shown as an IHSS Program reduction.

1/Will increase to 0.070 effective January 1, 1984.

B. New Premises

1. Payments to Spouse Providers - Chapter 323/83 (AB 223) effective July 1983

Under the provisions of AB 223, spouse providers would be eligible for remuneration for providing protective supervision and medical transportation when they leave full-time employment or are prevented from obtaining full-time employment because no other suitable provider is available and where the inability of such provider to provide supportive services may result in inappropriate placement or inadequate care. The estimated costs for protective supervision services were for the July - December 1983 period only. The estimated costs for the January - June 1984 period are included in the Community Services v. Woods court case.

No additional funds to pay for the impact of Chapter 323/83 have been provided.

Caseload impact: 1983-84: 19,900 casemonths
1984-85: 15,999 casemonths

Unit cost: 1983-84: \$3.35 per hour
1984-85: \$3.35 per hour

2. Additional Eligible Services for Determining Severely Impaired Status - Chapter 323/83, AB 223 (effective July 1983)

AB 223 expands the listing of supportive services which qualify recipients as severely impaired. Some nonseverely impaired recipients may be classified as severely impaired as a result of this provision. Any costs associated with this change will be absorbed within current funding. No additional funds are included in our estimate to pay for the impact of this premise.

3. Elimination of Time-for-Task Guidelines in Assessing the Needs of Eligible Individuals for Specified Services - Chapter 323/83 (AB 223) (effective July 1983)

AB 223 prohibits counties from using time-for-task guidelines in assessing the needs of eligible individuals for specified services such as nonmedical personnel and paramedical services. No additional funds are included in our estimate to pay for the cost of this change.

4. Community Services v. Woods

As a result of this decision, all housemates who provide protective supervision to the IHSS recipients are allowed to receive remuneration. The potential costs were included in the Governor's Budget estimates with the implementation date of January 1, 1984.

Caseload impact: 1983-84: 66,800 casemonths
1984-85: 140,300 casemonths

Unit cost: 1983-84: \$3.45 per hour (includes three percent
COLA for 1983-84)
1984-85: \$3.45 per hour

ACCESS ASSISTANCE FOR THE DEAF (ITEM 20.35.250)

New Premises

Office of Deaf Access

As provided in the Budget Act of 1983, the Deaf Access Program has been expanded to include the Santa Barbara region. The expenditure level for 1983-84 will be current contracted level. The projected funding for 1984-85 will be the 1983-84 budget level.

REFUGEE SERVICES (ITEM 20.45)

A. New Premises

1. Refugee Social Services (ongoing)

There will be no social services funds allocated for Cuban/Haitian Entrants in FFY 84.

In the absence of appropriate budget control language, CWD social services expenditures will not be limited to a maximum of 35 percent of refugee social services funding level.

2. Targeted Assistance (effective September 30, 1983)

The Federal Government made available as part of the FFY 83 budget special funds known as Targeted Assistance (TA). Fourteen counties in California have been allocated \$22,397,864 and it is estimated that \$8,999,523 will be expended in 1983-84 and \$13,398,341 in 1984-85.

There were no additional TA funds in the proposed FFY 84 budget. Language has been included in the House version of the Refugee Program reauthorization bill that would allocate an additional \$50 million in TA funds nationwide. Because this bill has not been finalized and may undergo significant changes, no additional TA funding has been included in the Governor's Budget estimates.

SPECIALIZED FAMILY AND CHILDREN'S SERVICES (ITEM 20.40)

Discontinued Item from the May 6, 1983 Premises

Foster Care Information System, effective November 1, 1981 (p. 44, Item A.1)

Implementation costs were incurred by county welfare departments during the development of the Foster Care Information System. The initial data base conversion began November 1, 1981, with Phase Two scheduled for completion September 30, 1982. No further costs are being incurred.

WORK INCENTIVE PROGRAM (WIN) (ITEM 20.40.260)

A. Continuing Premises

1. Employment Preparation Program (effective July 1, 1981)

This premise assumes that for 1983-84 DSS will continue to budget \$94,173 of regular LOE-WIN funds for EPP social services in San Mateo and Ventura counties. However, no additional local assistance funding for EPP social services will be provided in the DSS budget. The assumption is that EDD will budget additional funds necessary for their projects (either for expansion in existing project counties or into new project sites).

2. WIN Funding

Federal WIN funding is assumed in both 1983-84 and 1984-85 with the federal share at 90 percent. The nonfederal share for SAU costs is provided by the counties, with the nonfederal share for child care provided by General Fund.

B. New Premises

1. Job Training Partnership Act - Related Child Care Costs

Budget Act for 1983-84 appropriates \$6,000,000 for child care services. Legislation necessary for expenditure of these funds has been passed and signed by the Governor. We will assume no new funding for 1984-85.

ADOPTIONS (ITEM 20.42)

A. Continuing Premises

1. Private Agency Reimbursement

The Welfare and Institutions Codes 16155 and 16120.1 provide for reimbursements to be made to private adoption agencies for hard-to-place children.

Caseload impact: (1983-84 and 1984-85)

W&I Code 16120.1 cases: 43

W&I Code 16155 cases: 21

Unit cost: W&I Code 16120.1 cases: \$2,000/case

W&I Code 16155 cases: \$1,500/case

2. Minority Home Recruitment (effective July 1, 1982)

The primary limitation in placing minority children is the availability of adoptive homes of similar cultural and racial background. A statewide recruiting effort focusing on Hispanic, Black and American Indian families and utilizing the services of local community organizations is underway to increase the pool of minority adoptive families sufficiently to enable adoption agencies to place more minority children. Minority home recruitment is an ongoing effort.

3. Chapter 977/82 (AB 2695) (effective October 1, 1982)

This bill implements the Adoption Assistance Program (AAP) and requires counties to perform certain administrative activities prior to granting adoptive assistance.

Caseload impact: 1983-84: 674

1984-85: 849

Unit cost: 1983-84: \$71.93

1984-85: \$72.17

B. New Premises

Chapter 1162/83, AB 2096 (effective January 1, 1984)

1. This bill, the Adoption Information Act, requires county staff to collect and maintain certain data on birth parents in order to allow for future contact between the birth parent(s) and adoptee who has reached the age of 21.

Caseload impact: 1983-84: 1,135

1984-85: 2,427

Unit cost: 1983-84: \$16.18

1984-85: \$15.86

2. SB 14 (effective 1982-83)

The requirements of SB 14 will result in additional adoption worker time needed to (1) assess adoptability and (2) evaluate an increased number of referrals for study of children receiving AFDC-FC. This effect of SB 14 has not been included in prior estimates.

C. Discontinued Item from the May 6, 1983 Premises

None.

DEMONSTRATION PROGRAMS (ITEM 20.44)

A. Continuing Premises

1. Office of Child Abuse Prevention (OCAP) (ongoing)

The OCAP estimates for the Governor's Budget estimates include projects funded through the federal Child Abuse and Neglect Prevention Program, Respite Care projects authorized in the Budget Act of 1983 and new projects funded under appropriation provided in AB 1733. It is assumed that federal funding for the Child Abuse and Neglect Prevention Program will continue in 1984-85.

2. Child Abuse/Respite Care (effective July 1, 1981)

Appropriation was made for 1983-84 in the amount of \$610,000 for the purpose of funding six child abuse and neglect prevention programs throughout the state. It is assumed these projects will end June 30, 1984.

3. Family Protection Act (AB 35)

Pursuant to Chapter 104/81, project funding will end June 30, 1984. Services consistent with SB 14 will continue to be provided through OCSS.

B. New Premises

AB 1733 Demonstration Program

It is assumed in the Governor's Budget estimates that funding for AB 1733 Demonstration Programs will continue as an ongoing Child Abuse Prevention Program in 1984-85. Funding level for 1983-84 is based upon current contracted services to be provided in 1983-84; 1984-85 funding level is based upon the annualization of the child abuse projects with the exception of the innovative projects. Innovative project funding reflects only those funds needed to complete current contracts (two to three months of costs). It is anticipated that some funds from current appropriation will be available for carryover into 1984-85.

COMMUNITY CARE LICENSING (ITEM 30)

A. Continuing Premises

1. Small Counties Contracts - Foster Family Homes (ongoing)

A minimum contract base amount of \$5,000 has been established to encourage small counties to continue licensing foster family homes (rather than returning the workload to the state). Modoc, Mariposa and Siskiyou are the only three counties affected by this premise.

B. New Premises

1. Family Day Care Licensing - Chapter 323/83 (AB 223) (effective July 1983)

AB 223 has extended the Family Day Care Licensing Program to July 1, 1989. Under provisions of AB 223, an unannounced site visitation shall be required for the renewal of a license. These potential costs are included in the Governor's Budget.

C. Discontinued Items from the May 6, 1983 Premises

1. Family Day Care Regulations - ORD 681-37 (AB 251) effective July 1, 1981 (p. 47, Item A.2.)

Costs incurred in this item will be included in the basic costs.

2. Foster Family Homes Regulations - ORD 782-32 (AB 2639) effective July 1, 1983 (p. 48, Item A.3.)

Costs incurred in this item will be included in the basic costs.

3. Family Day Care (p. 48, Item A.4.)

Chapter 323/83 has extended this program to July 1, 1989.

LOCAL MANDATES/LEGISLATIVE MANDATES

A. Continuing Premises

1. Chapter 102, Statutes of 1981 (AB 251) - Medi-Cal Provisions

Among the various provisions of this bill, there is a requirement that for Medi-Cal recipients, counties must inquire about potential alternate medical insurance coverages. For AFDC recipients receiving Medi-Cal, this requirement results in an increase in AFDC administrative costs. Because this is a legislative mandate, the state must pay for the county cost of this activity.

EXECUTIVE MANDATES

A. Continuing Premises

1. AFDC employment-related equipment.
2. AFDC treatment of loans.
3. AFDC EDD-ES registration.

4. AFDC Social Security Number (SSN) validation process.
5. Food Stamp Verification: Shelter.
6. Food Stamp Verification: MR/RB dependent care.